



HOUSE OF REPRESENTATIVES

SB 1438

software; computer system; sale; lease
Prime Sponsor: Senator Shooter, LD 13

DP Committee on Transportation and Infrastructure

X Caucus and COW

House Engrossed

OVERVIEW

SB 1438 establishes the Department of Education (ADE) Intellectual Property Fund to improve the maintenance, administration and development of the Education Learning and Accountability System (AELAS).

PROVISIONS

1. Creates the ADE Intellectual Property Fund (Fund) and requires the Fund to be administered by ADE.
2. Mandates ADE to use fund monies to improve the maintenance, administration and development of the Arizona Education Learning and Accountability System (AELAS).
3. Exempts the sale or lease of software, computer systems or intellectual property developed by ADE or associated services from the prohibition of state competition with private enterprises.
4. Specifies that ADE must deposit 60% of profits generated from the sale or lease of ADE software, computer systems or intellectual property into the General Fund, and deposit 40% into the Fund.
5. Prohibits ADE from transferring or expending monies or personnel resources for the purpose of marketing or soliciting goods or services that were appropriated and authorized for other ADE functions and programs.
6. Defines *profits*.
7. Makes a technical change.

CURRENT LAW

[A.R.S. § 15-249](#) requires ADE, in coordination with the Data Governance Commission, to develop and implement AELAS in order to collect, compile, maintain and report student level data from students. ADE must present the plan to the State Board of Education for review and approval and continue to provide quarterly (or on request) reports on the development and implementation of AELAS. These reports are required to include progress, expenditures, timelines and cost estimates for completion.

[A.R.S. § 41-2752](#) prohibits a state agency from engaging in manufacturing, processing, sale and offering goods and services to the public that are also offered by a private enterprise. However, subsection C provides specific exemptions from this prohibition.